

# LAW FIRM POLICIES MICROSOFT CORPORATION

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# 1 Overview

## 1.1 Purpose

The law firms that provide services to Microsoft are an important contributor to the success of the company. We greatly value our relationship with you and want to ensure that this relationship is mutually beneficial. The most important aspect of this relationship, of course, is the interactions between law firm counsel and Microsoft personnel. In order to focus those interactions on the substantive legal affairs of Microsoft, we have found it helpful to articulate the policies that we will apply to all of our law firms with respect to billing, conflicts, and the like. This document sets forth these policies.

By beginning work for Microsoft, you agree to work in compliance with these Policies. You agree to adhere as well to any additional requirements that you and Microsoft may agree upon relating to particular matters.

## 1.2 Scope

These Policies govern all aspects of your relationship with Microsoft. They are effective from March 1, 2018. They supersede all previously issued policies.

You are responsible for ensuring that all of your employees and sub-contractors who are involved with Microsoft matters understand and abide by these Policies.

These Policies are published online at <http://www.microsoft.com/en-us/Legal/policies.aspx> and are available through the TyMetrix e-billing/matter management tool in the Microsoft document library. We may change the Policies from time to time. If we change the Policies, we will notify you and post revised policies. All matters (new and old) will be subject to the Policies, as revised.

Exceptions to these Policies may only be granted through express written consent from CELA Legal Operations ([AskCELA@microsoft.com](mailto:AskCELA@microsoft.com)) or as otherwise noted in these Policies.

## 1.3 Law Firm Standards

You will: (i) deliver high quality services in a cost-effective manner, (ii) maintain the highest standards of professionalism, ethics, and integrity so as to avoid even the appearance of conflict or other impropriety, and (iii) comply with all applicable laws, regulations, and rules, including, without limitation, rules of professional responsibility and other applicable codes governing the practice of law. You will keep Microsoft's Corporate, External, and Legal Affairs Department (CELA) closely apprised of the status of the matters you are working on, consult closely with CELA on all important decisions and, if requested, participate in a post mortem once a matter is completed to assess the effectiveness of our work together.

## 1.4 Diversity

Microsoft is committed to promoting diversity. CELA seeks to hire law firms who share this objective. We believe that diversity in people, interests, expertise, and points of view enhances our ability to provide high-quality legal services to our client, enriches our workplace, and connects us to the communities in which we live and work. We strongly encourage law firms to offer such diversity when staffing our work.

## 2 Engagement and Conduct of Microsoft Matters

### 2.1 Roles and Responsibilities

This section outlines the roles and responsibilities for the primary representatives of CELA and our law firms.

#### MICROSOFT

##### CELA Responsible Professional

The “CELA Responsible Professional” for a matter is the CELA employee who is responsible for making decisions regarding the conduct of your engagement with Microsoft and how work will be performed for that matter, including its scope, nature, and duration. Unless other arrangements are made, you should include the CELA Responsible Professional in all meetings and communications with Microsoft employees. From time to time, the CELA Responsible Professional may ask that you work directly with others in CELA on a matter, but this will not change the CELA Responsible Professional’s role as your primary CELA representative for that matter.

##### CELA Legal Operations ([AskCELA@microsoft.com](mailto:AskCELA@microsoft.com))

CELA Legal Operations team assists CELA legal service providers with the tools and processes used to manage matters, billing, and payment, including:

- On-boarding new law firms and vendors
- Responding to billing inquiries
- Negotiating and approving the CELA not-to-exceed hourly rate agreements
- Developing and negotiating value-based, non-hourly rate agreements
- Approving new timekeepers & rates
- Negotiating agreements between law firms and third parties (i.e., services subcontracted by law firms) of \$100,000 or more

#### LAW FIRMS

##### Law Firm Lead

You should assign a firm representative to be the “Law Firm Lead” for each Microsoft matter that you handle. The Law Firm Lead for a matter is responsible for working with the CELA Responsible Professional to ensure that the matter is handled in accordance with Section 1.3 and these Policies generally. This includes scoping the work, budgeting, and making staffing decisions for the engagement. The Law Firm Lead should coordinate closely with the CELA Responsible Professional about all significant developments in the matter and all strategic decisions.

At the outset of any new matter, CELA will send the firms Billing Administrator an email authorizing work to proceed. This is discussed further in Section 2.2 below. We require and expect the Billing Administrator to keep the Law Firm Lead apprised of all communications on the matter.

Law firms are not authorized to accept work directly from Microsoft business contacts outside of CELA. If you receive a request for legal services from such Microsoft personnel, please promptly contact CELA Legal Operations ([AskCELA@microsoft.com](mailto:AskCELA@microsoft.com)), unless a CELA Responsible Professional has made some other arrangement with you in writing.

If you believe that any decision made by an CELA Responsible Professional would have a materially negative impact on the interests of Microsoft, it is your duty to bring your concerns to the attention of the appropriate Deputy General Counsel (or higher).

### Primary Relationship Partner

You should appoint a "Primary Relationship Partner." This is the partner who maintains overall responsibility for the relationship between your law firm and Microsoft across all matters. CELA will look to your Primary Relationship Partner if significant issues arise concerning legal work on a matter, billing, rate negotiations or business development. You may also appoint a "Secondary Relationship Partner" to support the Primary Relationship Partner's engagement leadership.

### Billing Administrator

You should appoint a "Billing Administrator" to CELA from your firm. The Billing Administrator is your liaison to CELA for all administrative and billing related processes. The responsibilities of the Billing Administrator include:

- Submitting invoices in accordance with these Policies
- Updating timekeeper information (new and existing) on a timely basis
- Keeping the Law Firm Lead apprised of all communications on the matter
- Promptly responding to administrative and billing related communications from Microsoft

It is critical that you maintain current contact information with TyMetrix in order to receive important communications and to ensure full and prompt payment. Please keep CELA ([AskCELA@microsoft.com](mailto:AskCELA@microsoft.com)) and TyMetrix ([TechSupport@TyMetrix.com](mailto:TechSupport@TyMetrix.com)) informed at all times of the correct e-mail address for your Billing Administrator. To help ensure that you receive important billing and other notifications, we strongly recommend you maintain a generic or central e-mail address at which you can receive messages from Microsoft and TyMetrix. Adopting a simple and recognizable form such as [CELABilling@yourdomain.com](mailto:CELABilling@yourdomain.com) will help ensure ease of administration. Please also be sure that emails from Microsoft are not routed to junk mail folders.

## 2.2 Matter Engagement

Before work on a matter commences, the Responsible Professional and the Law Firm Lead must create and agree on:

- Scope: the nature and extent of the services being requested, the expected quality of the service, and a clear description of what success looks like.
- Timeline: the time of delivery for the service.
- Budget: expected cost of the services being requested, based on Scope and Timeline.

For matters with over \$100k (USD) in anticipated budget, this must be documented in a Statement of Work (SOW). The form of the SOW will vary based on the type and confidentiality of the work. Unless otherwise directed by your CELA Responsible Professional, you should not start work for Microsoft on a matter until you have received an engagement e-mail from us (see Attachment 1 below) authorizing the budget for the matter and authorizing you to begin work. If you begin work without prior authorization, or you incur costs in excess of the authorized budget, we may choose not to pay for such work or costs. If you have been asked to begin work on a matter and you have not received a system-generated authorization e-mail with a matter number and a budget you should immediately contact your CELA

Responsible Professional and request that the matter budget be approved so that such an e-mail to be sent to you and you can begin work. If you do not receive a response from your CELA Responsible Professional within seven days of your request, you should contact the CELA Legal Operations team for assistance ([AskCELA@microsoft.com](mailto:AskCELA@microsoft.com)). If you are handling a patent or trademark application or prosecution matter, or an immigration matter; you will have a different arrangement/process to receive authorization to begin work on the matter.

### 2.3 Value-based or Alternative Fee Arrangements

Microsoft prefers to purchase legal services using non-hourly value-based or alternative fee arrangements wherever possible. We believe these arrangements allow us to deepen relationships with our law firms, promote innovation and efficiency, and drive better overall outcomes on our matters. It is our expectation that our firms will either proactively provide or partner with the CELA Responsible Professional to develop proposals for all current and future legal work based on value-based or alternative fees as the primary method for billings against matters, and only revert back to hourly billings after non-hourly alternatives have been considered. Some examples of value-based arrangements are fixed or flat fees either by matter or phase, contingency or success fees, or retainers for large volumes of work.

### 2.4 Subcontracted Services

We may designate certain preferred specialized vendors for you to use in connection with your work on a matter. Therefore, you may not subcontract work on a Microsoft matter to any third party (such as local counsel, consultants, legal process outsourcing companies, business process outsource companies, experts, investigators, and court reporters) unless you have obtained approval, in writing, from the CELA Responsible Professional for that matter. If you retain any third party, it is your responsibility to ensure that this third party complies with these Policies, including timeliness of invoicing. You should draw the third party's attention, in particular, to section 3.5 "Confidential Information (Third Parties)" and the applicability of the non-disclosure agreement (NDA).

We expect that you will ensure that any work that you subcontract will be handled at reasonable billing rates and that where feasible (e.g. not an expert witness) you will negotiate to seek to obtain discounts, favorable fixed fee arrangements, or other favorable terms for such work.

If you anticipate that subcontracted costs will exceed \$100,000 on a matter with any vendor, you must contact the CELA Legal Operations team ([AskCELA@microsoft.com](mailto:AskCELA@microsoft.com)) to obtain approval of the terms of the agreement with the subcontractor. In such a case, we may arrange for the subcontractor to bill Microsoft directly, unless there are legal reasons for not doing so.

For anticipated costs of less than \$100,000, you should discuss the most cost-effective means of submitting invoices with the CELA Responsible Professional on the matter. That may be direct billing to Microsoft (with no markup) or as a pass-through expense through your billing system.

### 2.5 Approved Budget Amount

Establishing a budget and getting the necessary internal approvals for that budget are essential components to achieving successful outcomes on our legal matters. In order to meet our internal budget obligations, the CELA Responsible Professional will establish a figure at the outset of each matter that constitutes our expectation of the reasonable cost of the services you will provide, and the

expenses you will incur on the matter, over a defined period of time. This is the "Approved Budget Amount." Typically, the CELA Responsible Professional will arrive at this figure in consultation with you. Absent specific written instructions from an CELA Responsible Professional, you are not authorized to

begin work on the matter until you receive notification of this Approved Budget Amount. When total costs incurred on a matter approach the Approved Budget Amount, you should contact your CELA Responsible Professional to discuss your expectations as to your ability to complete the defined work at a cost that will not exceed the Approved Budget Amount. If the CELA Responsible Professional determines that it is necessary for Microsoft to incur costs that exceed the Approved Budget Amount, you will receive a notification to this effect in an updated matter authorization email from the CELA Responsible Professional sent through the TyMetrix system.

Absent written instructions from your CELA Responsible Professional to the contrary, you should not incur costs in excess of the Approved Budget Amount. If you continue to work without written authorization to do so, we may choose not to pay for such work. In addition, invoices will be rejected if they will cause the cumulative spend by the firm on the matter to exceed the Approved Budget Amount.

## 2.6 Conflicts

If you have any actual or potential conflict of interest that might arise from work on one of our matters, you must disclose that to us before beginning work on the matter (or, if later, at the time that the conflict arises) and obtain a waiver of any conflict as set forth below.

We will consider requests for waivers of potential or actual conflicts of interest on a case-by-case basis. If you need a waiver, please contact the CELA Legal Ethics and Advisory Team ([CELAEthic@Microsoft.com](mailto:CELAEthic@Microsoft.com)). The waiver request should provide (a) a brief summary of the conflict and the matter for which the waiver is sought and (b) the identity of the CELA attorney(s) with knowledge of the area subject to the conflict. We will work directly with your Primary Relationship Partner on conflicts issues.

Whether or not Microsoft will waive a conflict is within our discretion, but we thought it would be helpful to set forth our general approach in this area:

- We do not provide blanket or prospective waivers.
- We do not waive conflicts permitting counsel who have represented or are representing Microsoft to represent a client against Microsoft in litigation or other contested matters.
- We often grant waiver requests in non-contentious or transactional matters.

Other matters for which our consent may be required include representation of co-defendants or co-plaintiffs, hiring an attorney from a firm adverse to Microsoft, or representation of a Microsoft employee.

If we agree to waive a conflict, in addition to conditions that may be required in a particular situation and those required by ethical rules, we typically require that the firm:

- Establish an ethical screen between the attorneys representing Microsoft and those representing the adverse party
- Send a firm wide memo regarding the ethical screen

- Label all Microsoft files (whether paper-based, digital or other) as available only to those working on Microsoft matters, and
- Withdraw from representation of both Microsoft and the other party if a dispute between Microsoft and the other party arises regarding the matter for which the waiver is requested.

If we grant a waiver so that you can represent an adverse party in connection with a transaction, you should clearly inform your other client in writing that Microsoft has not waived the conflict as to representation of that client against Microsoft in litigation.

If you anticipate that representation of another client will involve advancing a position on a legal issue that may be materially adverse to Microsoft's interests, you should, to the extent reasonably feasible, and consistent with your confidentiality obligation to your other clients, bring the matter to our attention before doing so.

For purposes of the rules of professional conduct barring or limiting an attorney's representation adverse to the interests of existing or former clients, Microsoft will be treated as your "client" if you have represented any one of its businesses or affiliates regardless of whether you are providing legal services only to one of these entities, and all Microsoft's affiliates and businesses are one client for purposes of conflict of interest determination. See American Bar Association ("ABA") Model Rules of Professional Conduct, 1.7 cmt [34] and 1.13(a) and ABA Formal Opinion 95-390. This standard is applicable to all outside counsel worldwide, whether or not they are bound by professional conduct rules similar to those promulgated by the ABA. A partial list of Microsoft affiliates is published by Microsoft in its most recent Form 10-K and is available online through the SEC Web site at <http://www.sec.gov>.

## 3 Terms and Conditions

### 3.1 Anti-Corruption Policy

You agree to comply with the United States Foreign Corrupt Practices Act and all comparable laws to which you are subject anywhere in the world. You agree that neither you nor any of your employees will make any direct or indirect payment or promise of a payment to any foreign government official for any improper purpose, such as inducing the official to misuse the official's position to obtain or retain business.

### 3.2 Use and Ownership of Work Product

Microsoft claims ownership of all work product or intellectual property created on its behalf during the course of your engagement with us, as appropriate under applicable law.

To the extent that Microsoft is not the owner under applicable law of the work product resulting from your representation of Microsoft, you agree that Microsoft may make any use of such work product without obligation to you other than payment of agreed-upon fees and expenses. In this context, "work product" means those pleadings, memoranda, correspondence, contracts, and any other products of your work that you create or prepare on behalf of Microsoft, but does not include any internal

resources (e.g., training materials and software tools) that you develop for your own use at no cost to Microsoft.

### 3.3 Media Relations

You may not issue any press releases, hold press conferences or otherwise communicate with the media, publish articles, or develop or publish marketing materials concerning any projects that relate to your relationship with Microsoft, without your CELA Responsible Professional's prior written consent.

### 3.4 Document Retention

All records, documents and data ("Documents") that you collect as part of your work for us shall be considered, as between us, Microsoft property. All such Documents shall be maintained in a manner that complies with Microsoft's policies relating to security, data retention and privacy. Consult closely with your CELA Responsible Professional if you wish to dispose of any such Documents.

From time to time Microsoft may change its requirements regarding document retention to ensure compliance with legal obligations or business needs. We will promptly notify you of any changes to our data retention policies, and you agree promptly to make any changes that may reasonably be needed to satisfy our new requirements.

### 3.5 Confidential Information (Third Parties)

When subcontracting services for Microsoft's benefit, you should ensure that Microsoft information is treated with the same degree of care and confidentiality as applicable in your general representation of Microsoft. Please consider providing and enforcing the following confidentiality provisions for agreements with any third-party subcontractors engaged for Microsoft matters:

You agree to exercise reasonable care to keep all non-public or Microsoft Confidential information relating to your engagement with Microsoft, whether in printed, electronic, or other form, secure from disclosure to third parties and (ii) access by your employees except on a need-to-know basis. From time to time, we may communicate more specific data security "best practices" and other policies that will be applicable on a going-forward basis.

"Microsoft Confidential Information" means all non-public information that Microsoft designates, either in writing or orally, as being confidential, or which, under the circumstances of disclosure ought to be treated as confidential. Microsoft Confidential Information includes information relating to:

- Released or unreleased Microsoft software or hardware products;
- Marketing or promotion of any Microsoft product;
- Business policies or practices of Microsoft;
- Customers or suppliers of Microsoft; and
- Information received from others that Microsoft is obligated to treat as confidential.
- The existence and terms of this Agreement; and
- Information provided by Microsoft under this Agreement or obtained or created by You in the course of providing the Services, including:
  - Information contained in any reports provided to Microsoft;
    - Any electronic or written correspondence between the parties;

- Microsoft customer lists, customer information and Personal Information, regardless of the source; and
- Transactional, sales and marketing information related to the Services.

If You have any questions as to what comprises Microsoft Confidential Information, You will consult with Microsoft. Microsoft Confidential Information does not include information that was known by You prior to Microsoft's disclosure to You, or information that becomes publicly available through no fault of your own.

### 3.6 Record Keeping Relating to Billing

You agree to keep accurate and complete records regarding the fees and expense you charge to us. You agree to maintain these records for four years following the termination of the matter to which they relate or four years following the termination of any closely-related matters, whichever is longer.

### 3.7 Audits

From time to time we may require you to supply additional information about a specific bill or to confirm your compliance with these Policies. We may request an audit to verify that the source data used to generate invoices that you have provided to Microsoft is consistent with those invoices and in compliance with these Policies. If we determine that any adjustments should be made on the basis of the audit, we will share the audit results with you.

Payment by Microsoft of an invoice does not constitute a waiver of any rights or our final acceptance of the charges.

### 3.8 Payment Terms

Upon receipt of your correct and undisputed invoice, Microsoft will pay such invoice net 45 days after receipt of such invoice. Any other payment terms must be agreed to in writing by CELA Legal Operations ([AskCELA@microsoft.com](mailto:AskCELA@microsoft.com)).

### 3.9 Other Provisions

You agree that you are an independent contractor for Microsoft. You agree that nothing in these Policies creates an employer-employee relationship or a guarantee of future employment, or a limitation upon Microsoft's sole discretion to terminate your engagement at any time without cause.

These Policies and any agreements entered into between you and Microsoft will be construed under the laws of the State of Washington, USA without regard to conflicts of laws. In the highly unlikely event that any dispute between us leads to litigation, the litigation will take place in Washington State. You consent to the exclusive jurisdiction and venue in the federal courts sitting in King County, Washington unless no federal subject matter jurisdiction exists, in which case you consent to the exclusive jurisdiction and venue in the Superior Court of King County, Washington. You waive all defenses of lack of personal jurisdiction and forum non conveniens. Process may be served on either party in the manner authorized by applicable law or court rule. In any action to enforce any right or remedy under these Policies, or to interpret any provision of these Policies, the prevailing party will be entitled to recover its reasonable attorneys' fees, costs and other expenses, including the costs and fees incurred on appeal or in a bankruptcy or similar action.

These Policies can be superseded only in accordance with Section 1.2 or by a written and signed addendum agreement between Microsoft and the law firm.

### 3.10 Termination of Engagement

CELA may terminate your engagement with Microsoft at any time, with or without cause, by written notice to you. You may withdraw from your representation of us at any time, upon written notice, where withdrawal is permissible or required under rules of professional conduct.

You agree that if your engagement with Microsoft is terminated you will promptly take all steps requested by CELA to help transition your work to another firm and otherwise comply with all obligations imposed by law, regulation, or code of professional responsibility relating to termination. For example, we may require that you promptly deliver to Microsoft or another firm all pertinent files, research, communications, records, memoranda, pleadings, drafts, and other materials related to your representation of Microsoft. You agree that you will not retain any Microsoft Confidential Information without CELA's written approval. You should consult with your CELA Responsible Professional to determine the manner in which you will return to Microsoft, or destroy, Microsoft Confidential Information, consistent with Microsoft's policies regarding security, data retention and privacy. The term "Microsoft Confidential Information" means all non-public information that Microsoft designates, either in writing or verbally, as being confidential, or which, under the circumstances of disclosure, ought to be treated as confidential.

Upon our request, you will provide us with a written certification that all documents and other information have been handled by you in accordance with these Policies.

Unless you have reached an alternative arrangement with CELA, you will bear all costs of transferring or destroying documents and other information at the end of the representation.

## 4 Billing Policies

Microsoft may make an adjustment to any invoice that is non-compliant with these Policies, even after we have paid the invoice. Where appropriate, we will consult with you if we determine that any of your invoices do not comply with these Policies.

### 4.1 General

The invoices you send to Microsoft must comply with the following requirements. Your invoices are subject to rejection or adjustment if they do not.

First, invoices must be submitted electronically. You agree to bear the cost of any infrastructure you may need to facilitate electronic submission of invoices. At the discretion and direction of CELA Legal Operations, you must use one of the two following basic invoicing formats. Unless you have otherwise been advised, you must use the Detailed Fees and Expense format:

- Detailed Fees and Expense format – There are two methods for submitting detailed fees and expense invoices. You may automatically create a Legal Electronic Data Exchange Standard (LEDES) style invoice from your time and billing system OR you may manually create an invoice by

using the "Create Manual Invoice" process in the TyMetrix 360 system to prepare an invoice containing all required details (e.g. detailed hourly billing data). These detailed invoices require a task/activity code or an expense code for each line item submitted. The task/activity and expense codes currently required of Providers are available in the TyMetrix document library on the Microsoft Network.

- Summary Fees and Expense format – You may only use this Summary format if you receive written authorization from CELA Legal Operations ([AskCELA@microsoft.com](mailto:AskCELA@microsoft.com)). These are invoices which are created in the TyMetrix system with the most minimum requirements (one-line item for fees and/or one line item for reimbursable expenses). Unlike the Detailed Fees and Expense format, the billing details must be attached to the invoice providing the required billing codes and all other billing details required by these guidelines such as timekeeper name, hours billed, hourly rate, date(s) of service, total billed and work description.

Second, invoices must be in English.

Third, invoices must contain all the following information:

- matter name and number (matter number is provided in the matter authorization e-mail message notification)
- your name and address
- a unique invoice number
- the date the invoice was submitted to us
- charges submitted with the appropriate task and expense codes and appropriate line item descriptions (list of task and expense codes may be found at in our TyMetrix document library).

Each invoice must contain charges for only one matter.

#### Late Invoices

For proper financial management of our matters it is critical for us to be fully aware of the costs incurred at all times. Late billings both reduce the opportunity to control costs and make it more difficult to recall the validity of certain charges. In addition, Microsoft is obligated to report its financial results quarterly, including accruals/estimates for services rendered to us even if not billed. Therefore, it is important that we receive your bills promptly so that we can minimize the need to estimate your bills each quarter.

Invoices for fixed fee arrangements shall be submitted in accordance with the schedule in the engagement documentation for the matter, with the final invoice billed no later than 20 calendar days after completion of the work. Invoices for hourly work shall be submitted monthly within 20 days of the end of the month. If you repeatedly fail to submit bills within this 20-day window, we reserve the right to impose a late bill penalty for any additional late bills according to the following schedule:

Days after end of billing period	Penalty: Percentage reduction of charges
61-90	5%
91-120	15%
121-180	25%

In accordance with Microsoft’s general corporate practice, we reserve the right not to pay any bill which is submitted more than six months after the end of the month in which the work was performed. We will not impose penalties or decline to pay bills where bills are late because of: (i) a dispute as to the proper charges; (ii) delays by Microsoft in handling your bill; or (iii) any delays that we have agreed to in writing.

If we are going to reject your invoice, we will do our best to get it back to you promptly. It is your responsibility to correct rejected invoices according to the rejection notification sent to the Billing Administrator and to promptly resubmit them so as not to exceed the above referenced 60-day period.

You may not invoice Microsoft for fees or expenses before performing services or incurring an expense.

## 4.2 Rates

### Value-Based or Alternative Fee Arrangements

Details required for invoices for alternative fee arrangements (not billed on an hourly rate basis):

- The fee calculation, if applicable
- Description, unique for that month, for the charge (e.g. July 2012 fee).
- Other documentation as specified in the engagement documentation for the matter.
- The time period to which the billing pertains.
- Task code (and Activity code A111) and/or expense code. NOTE: do not provide timekeeper information (TK ID, hours, rate, etc.) when billing non hourly work.

### Hourly Rates

When value-based or alternative fee arrangements are not feasible, you agree that you will invoice Microsoft using authorized hourly rates of your employees as identified in your then-current rate agreement between you and Microsoft, approved, in writing, by CELA Legal Operations ([AskCELA@microsoft.com](mailto:AskCELA@microsoft.com)), or other lower hourly rates authorized by the CELA Responsible Professional.

CELA Responsible Professionals are not authorized to negotiate rate agreements on their own that impact matters for which they are not the Responsible Professional.

#### Hourly Rate Adjustments

If you wish to adjust hourly rates for any employee to reflect step level increases (such as first year to second year associate) or promotions (such as from associate to partner), or general rate adjustments, you must provide us with notice of such requested increases at least 30 days in advance of the date on which you would like to begin charging the new rates. Your notice should be sent to CELA Legal Operations ([skCELA@microsoft.com](mailto:skCELA@microsoft.com)). Increases in your firms' rate structure will be evaluated no more often than annually. From time to time we may ask for rate decreases, in accordance with business needs and the economic climate.

Non-US law firms who bill in US dollars may not vary those rates based on foreign currency exchange rates.

#### Invoicing for Hourly Based Fees

The following details are required for each invoice line item:

- Name and role of timekeeper who performed a task.
- Timekeeper's ID (this is an alphanumeric value, up to 10 characters within your billing system).
- Billing rate for timekeeper (net rate, after discounts).
- Date task was performed.
- The time spent on each activity within a task, detailed in 0.10 hour increments.
- Task (and Activity code A111) or expense code.
- Description of each task in sufficient detail for our reviewer to determine if the time spent on a task was reasonable. Use common sense in this regard. For correspondence, including email communications, state whom the lawyer wrote to and the subject matter of the communication. For meetings or phone calls, state who attended and the subject discussed. A description of research should include its subject or purpose.

### 4.3 Expense Reimbursements

If you incur reimbursable expenses in the course of your work for us, you may bill them to us at your cost. You agree to provide us supporting documentation for expenses at our request. If you are unsure whether a particular type of expense is reimbursable, please contact the CELA Legal Operations Team ([AskCELA@microsoft.com](mailto:AskCELA@microsoft.com)) before you incur the expense.

The following details are required for expense items:

- Purpose and description of expense. Additionally, travel expenses (see "Travel Policy" in Attachment 2 for requirements) should be broken down into categories as follows (NOTE: in town expenses are not reimbursable):
  - Airfare, rail (state origin, destination class of ticket)
  - Lodging (state number of days and beginning and end dates)
  - Meals (state the amount for each meal)

- Ground transportation and parking
- Other
- Name of person incurring the expense
- Date incurred
- Expense code
- Name of vendor you paid

#### 4.4 Non-Billable Items

The following lists provide guidance as to specific types of fees and expenses that may or may not be billed to Microsoft. These lists are not meant to be exhaustive. Microsoft reserves the right to adjust or reject any fees or expenses which we believe to be unreasonable under the circumstances. In all cases, you should exercise your best professional judgment to minimize the fees and expenses that you will bill to Microsoft, consistent with our shared objective to provide high quality legal services to Microsoft.

##### **Not billable UNLESS agreed upon in advance by your CELA Responsible Professional**

- Orientation, "getting up to speed," or transfer file review by personnel assigned to a matter to replace existing counsel within your firm, unless such transfer is at Microsoft's direction.
- Consulting, professional fees, experts, arbitrators, mediators, private investigators, and other support vendors.
- Translation fees.
- Hardware and software test purchases and case-related purchases. (All Microsoft software should be acquired via someone in CELA).

##### **Not billable**

- Postage, freight, express mail services, and messenger and delivery charges
- Photocopying, scanning, document reproduction, document conversion, printing, and the like, unless greater than \$10,000 per matter and approved by the CELA Responsible Professional in advance. Charges of \$10,000 or more per individual project on an individual matter are allowed if the work is submitted through CELA's preferred vendor(s), where available. If a preferred vendor is not reasonably available, you agree to diligently negotiate an arrangement on favorable terms comparable to what CELA would normally pay.
- Overhead tasks such as word processing, collating, velobinding and tabbing sub-files
- Education expenses and professional dues for professional or nonprofessional staff.
- General online research costs (Lexis, Westlaw, or other research tools or resources).
- Travel-related expenses for staffing attorneys across satellite offices.
- Checking and resolving conflicts of interest.
- Preparation of invoices or responses to billing inquiries.
- File maintenance: Copying and updating your files. Indexing pleadings/orders; filing and retrieving correspondence, pleadings and other documents; setting up sub files for matter- related files (i.e. billing, attorney notes, etc.), organizing and copying CDs.
- Administrative time associated with compliance with these Policies or any audit of bills and expenses.
- Charges for work done after the closing of a matter or termination of a case.

- Time billed to Microsoft for each employee in excess of 12 hours per day, across all matters, unless client demands require such lengthy days, such as when travelling or preparing for or engaged in trial.
- Secretarial and clerical staff charges, whether normal, temporary or overtime.
- Distribution of documents, e-mails messages, etc. among matter team.
- Information costs such as books, reference materials, periodicals and other subscriptions, or other printed sources unless they can only be used on Microsoft matters. Any such purchased material is to be provided to Microsoft, upon request.

### **Billable at specific rates**

Microsoft will pay for certain activities at a fixed rate, regardless of the level of lawyer performing the work. If there is a price list that applies to a specific matter it will be included in the engagement documentation.

### **4.5 Billing Tasks at Appropriate Levels**

We ask that you exercise your professional judgment to assign employees with the skill level required to competently complete the task, with a view toward minimizing fees where possible. You should use clerks, paralegals, and legal assistants instead of lawyers whenever an activity can cost effectively be performed by a person who does not have a law degree.

### **4.6 Travel**

You may only invoice Microsoft for travel expenses that are consistent with our Microsoft Supplier Policy published online here: <https://aka.ms/SupplierTravelGuidelines>. Upon request, you must use Microsoft's designated travel providers accessed through an online travel system to book your travel. This will enable us to take advantage of deep discounts that Microsoft has negotiated with certain program carriers. Microsoft reserves the right to reject or adjust charges for travel that are out of compliance with the Microsoft Supplier Travel Policy or for travel that did not take reasonable advantage of Microsoft program carriers.

You may not bill Microsoft for time spent while travelling unless you are doing work for Microsoft (such as reviewing documents, if the circumstances permit) while travelling. If the matters on which you are engaged will likely require significant travel (which could cut into your billable hours), you should discuss how this time should be treated for billing purposes with your CELA Responsible Professional at the outset of the matter.

All travel expenses must be itemized. The description shall include the trip origin and destination, dates, and purpose of the trip. For example, "Travel to D.C." is insufficient. An appropriate entry would be: "Travel to D.C. from NYC to defend John Doe deposition on April 11, 2017."

### **4.7 Disputed or Adjusted Invoices**

TyMetrix will notify your registered Billing Administrator via e-mail if any of your invoices are rejected or adjusted. When invoices are adjusted or rejected, it is your responsibility to promptly inquire about the adjustment or rejection and promptly resubmit any of the disputed amounts which we agree to pay. If you do not respond in a reasonable amount of time, your invoice will be subject to the late invoice adjustment schedule in section 4.1 of these Policies. Invoices are not considered to be "submitted" until

they conform to the requirements of these Policies. If you have an inquiry about the reason a line item was adjusted, please contact TyMetrix. If you understand the reason for the adjustment or rejection, but you don't feel the adjustment or rejection was reasonable, please contact the CELA Legal Operations team ([AskCELA@microsoft.com](mailto:AskCELA@microsoft.com)).

**You may not offset amounts Microsoft owes you against any Microsoft funds received (e.g., settlements, judgments, recoveries etc.). Any such funds should be promptly forwarded to CELA via the method advised by the CELA Legal Operations team.**

## Attachment 1 – Sample Engagement Authorization E-Mail Message

Dear #Company\_Name# :

Your company has been added to the following Microsoft matter.

### Matter Information

Matter Number: 100059425

Matter Name: XYZ Contract Negotiation  
Approved Budget Amount: \$150,000.00

MSFT LCA Lead (RP): Microsoft Employee Name MSFT  
Requestor: To be provided\*\*\*

OC Lead Attorney: To be provided\*\*\*

You may now commence work on this matter and submit invoices to the Microsoft network through [www.tymetrix360.com](http://www.tymetrix360.com).

By commencing to perform work for Microsoft, you agree to provide such work in full compliance with Microsoft's Policies. Please consult the appropriate [Policies Document](#) for invoicing requirements.

## Attachment 2 – Who to Contact for Questions and Support

Please see section 2.1 “Roles and Responsibilities” for detailed information on your primary Microsoft contacts. Several of the main support contacts are listed below:

- POLICIES & BILLING ISSUES – The CELA Legal Operations team should be contacted regarding: rate negotiations, any invoice submission, processing or payment issues including all related procedures and processes (e.g. authorizing you to bill against a matter, authorizing timekeepers and rates); and any clarifications of these Policies.
  - E-mail: [AskCELA@microsoft.com](mailto:AskCELA@microsoft.com)
- INVOICING SET UP ISSUES - TyMetrix is Microsoft CELA's 3<sup>rd</sup> party invoicing partner and should be contacted for electronic billing set up, training and tool support.
  - E-mail: [TechSupport@TyMetrix.com](mailto:TechSupport@TyMetrix.com)
- CONFLICT ISSUES
  - E-mail: [CELAEthic@Microsoft.com](mailto:CELAEthic@Microsoft.com)

**19.09.11** Minor changes implemented September 2019 to last published version (March 2018) include:

[Table of Contents] Corrected Listed Items

[Multiple sections] Replaced all instances of CELA Procurement with CELA Legal Operations  
([askcela@microsoft.com](mailto:askcela@microsoft.com))

[Section 2.1] Replaced "approving all hourly rate agreements" to "approving the CELA not-to-exceed hourly rate agreements"

[Section 2.6] Replaced "if you need a waiver, please contact your CELA Responsible Professional" with "if you need a waiver, please contact CELA Legal Ethics and Advisory Team ([celaethic@microsoft.com](mailto:celaethic@microsoft.com))"

[Section 3.5] Replaced "Vendor" with "You" for consistency